

What Matters?

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www.tennessee.gov/thda



Housing Matters



Volume 2, No. 23 Tennessee Housing Development Agency Summer 03

Governors Join THDA in 30-Year Celebration



Pictured above left to right: THDA Board Chairman H. David Hayes; Former Governor Ned McWherter; Governor Phil Bredesen; Executive Director Janice L. Myrick; and Former Governor Winfield Dunn

Three Governors, Winfield Dunn, Ned McWherter and Phil Bredesen, shared in the celebration of THDA's 30-year anniversary, with the perfect balance of the past, the present and the future.

The luncheon was held in honor of all of the people who have contributed to THDA's success. Members of the first THDA board, past and present board chairmen and executive directors, legislators and THDA's current senior staff, were invited to share their thoughts and memories regarding the agency's road to success.

It was 33 years ago, the idea of a State role in housing came about

when in 1970, then Governor Ellington had his planning office do some research. After the review of several models of housing finance agencies, the concept of THDA was developed and refined. In March of 1973, then Governor Winfield Dunn, Speaker of the House, Ned McWherter and Speaker of the Senate, John Wilder signed into law the Tennessee Housing Development Agency Act.

THDA was created to assist with the housing needs, and help stabilize the housing industry in Tennessee. By creating a state Agency empowered to raise funds, it could then make those funds available to the lower and moderate income

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St. Elmo Elementary School is Transformed from School Age to Golden Age

by Mia Billingsley,
Senior Housing Specialist, THDA

Historic St. Elmo is nestled in the valley of Lookout Mountain below the curling stretch of the Tennessee River known as Moccasin Bend. The area was first occupied by the Cherokee Indians. In 1885, the area was named “St. Elmo” which was taken from the title of a novel by Augusta J. Evans Wilson, who spent several summers on Lookout Mountain and found the view similar to that of St. Elmo Castle in Naples, Italy.

In 1905, St. Elmo was incorporated and a town commission was formed for the purpose of securing funding for a school. A bond was issued, and work on the building was completed at the end of 1906. The current brick building replaced St. Elmo’s first school, established in 1891.

In 1992, Chattanooga Community Housing Development Organization (CCHDO) was formed to provide smaller community associations with a vehicle to achieve the community goals. The CCHDO, in partnership with the City of Chattanooga, has made significant strides in addressing the community housing needs.

In October, 2000, the City of Chattanooga donated the St. Elmo Elementary School building to Chattanooga Neighborhood Enterprise (CNE), a non-profit agency, to be converted into affordable housing.

In July, 2001, as the sponsor

of the project, the CCHDO was awarded a HOME grant in the amount of \$400,000. HOME funds were used to construct 10 one-bedroom rental housing units, Alexian Court, in the abandoned St. Elmo Elementary School building located in Census Tract 18 of the City of Chattanooga. In addition to HOME funds, the \$4,027,500 project was also funded through THDA tax-exempt bond authority, the syndication of low income and historic tax credits, a Federal Home Loan Bank grant and owner equity.

This historical property is now the site of 31 uniquely designed studio, one and two bedroom apartments for low income elderly residents. In addition, 16 stately two bedroom/one bath duplex units have been added to the Alexian Court apartment community. Residents have a garden area for raising vegetables and fresh flowers along with access to the on-site laundry facility, a community kitchen and computer center with Internet access. The gazebo is a great place for residents to spend time with family or friends.

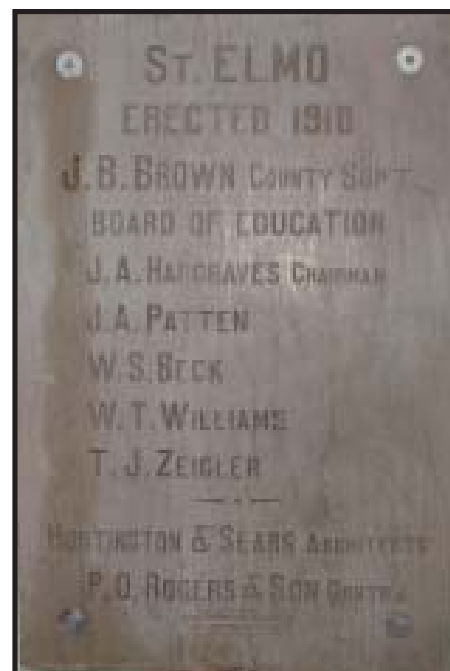
A Grand Opening Celebration was held in April of this year. The units are currently being leased to eligible applicants. In order to qualify for the units, individuals must be 62 or older. The amount of rent that an applicant will be charged is based upon



Pictured above is the original hardwood floor with the shuffle board game, which has been preserved in the renovation of the school.

their annual gross income. The 2003 HOME income limits range from \$10,500 - \$28,000 for a one person household and \$12,000 – \$32,000 for a two person household. For further details about leasing opportunities, call 423-825-5000.

The CCHDO continues to assist other local organizations in its on-going efforts to improve inner-city housing stock and rebuild neglected neighborhoods.



Original plaque has been preserved in the renovation of St. Elmo Elementary School.

From Renting to the Dream of Homeownership

by Andrea E. Quinby,
Director of Homeownership, Eastern Eight
CDC

This past April, Ms. Diane Bennett did something she never thought was possible – moved into a home of her own.

Through a unique and innovative partnership of THDA, Eastern Eight Community Development Corporation, Kingsport Housing and Redevelopment Authority (KHRA), U. S. Department of Housing and Urban Development (HUD) and the Federation of Appalachian Housing Enterprises (FAHE), Ms. Bennett was the first client in the upper east region of the state to take advantage of the new Section 8 to Homeownership Program.

KHRA began the Section 8 to Homeownership program in January 2002 and has been working with a number of clients to prepare them for homeownership. This new program allows current Section 8 voucher-holders to utilize their current rental subsidy to help purchase a new home.

KHRA and Eastern Eight staff are hopeful that this program will allow Section 8 holders to establish an asset they can pass on to their families and break the cycle of poverty. Terry Cunningham, Executive Director of KHRA, said, “There are two ways to defeat poverty. One is education and training to make yourself more marketable. The other is the accumulation of wealth – wealth that can be transferred on to future generations. That is what this program does.”

Although the closing took place in



Pictured above front left to right: Diane Bennett, homeowner; Pat Carpenter, Section 8 FSS Manager, KHRA; Shawn Bennett; Back left to right: Andrea Quinby, Eastern Eight, CDC; and Nathan Blye, Director of Section 8, KHRA

April, Ms. Bennett began participating in Eastern Eight’s homebuyer education and housing counseling program last January. During subsequent months Eastern Eight collaborated with KHRA and Ms. Bennett to secure financing through THDA’s 0% New Start Program and FAHE’s Tennessee Home Loan Fund while coordinating the construction of a new home with Impact Builders, Inc.

Steve Seifried, Executive Director of Eastern Eight said, “Although this process has been a lengthy one, Ms. Bennett has been one of the most dedicated and determined clients Eastern Eight has worked with, and we are very excited to see her accomplish homeownership.”

In addition to providing counseling and training services for Section 8 to Homeownership participants, Eastern Eight also provides similar services to all low- and moderate-income households throughout the eastern eight counties of the state. Eastern Eight has the capability of providing THDA- approved training and counseling, mortgage packaging, down payment and closing cost assistance,

and affordable construction.

KHRA serves the city of Kingsport, Greene County, Hawkins County, Johnson County, Unicoi County, and portions of Sullivan and Washington Counties. Households that have been receiving Section 8 assistance for at least a year and have a minimum of \$10,300 in earned income, unless elderly or disabled, are eligible for participation in the program.

THDA's Current Interest Rates

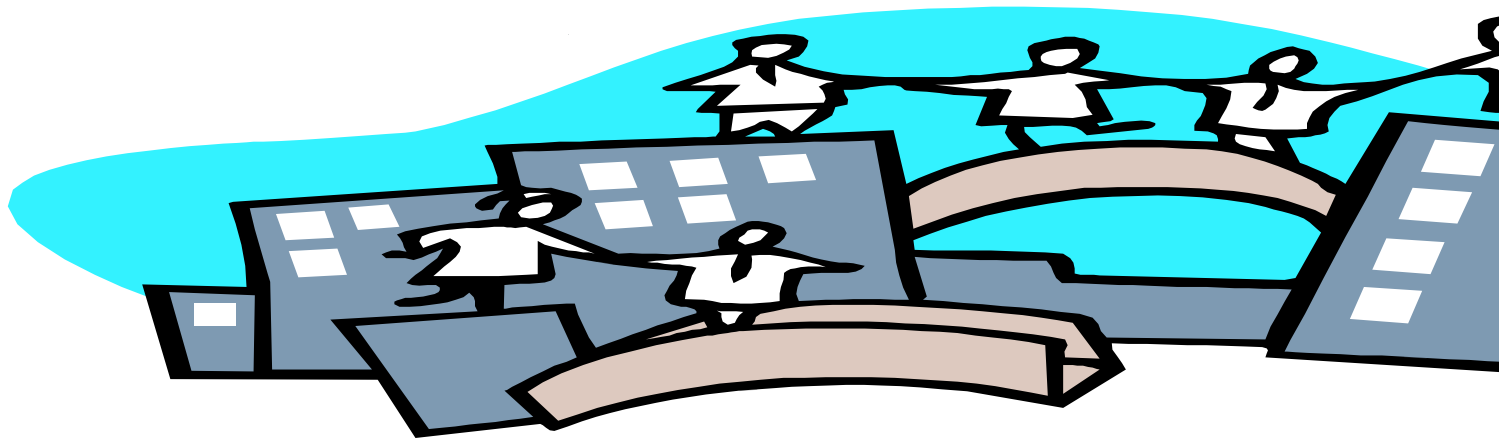
Great Rate

4.65%

Great Start

5.65%

(4% downpayment assistance)



Racial Homeownership Gaps in Tennessee and Its Metropolitan Areas: A Comparison

by Bryan Ricketts,
Senior Housing Research Analyst, THDA

A large difference in homeownership rates has existed between White non-Hispanic and African American households nationally over many decades, although both groups have made tangible gains in homeownership during this period. Tennessee is no exception to this persistent disparity in homeownership between the races as shown by our earlier analysis using 1990 Census data (*Tennessee Housing Outlook*, THDA, 1999). What has happened to this racial gap since 1990? In order to pursue this question, we compare the homeownership rates among White (non-Hispanic) and African American households in Tennessee using the 1990 and 2000 Census figures. The specific questions we will address are: (1) to what extent did both racial groups make gains in homeownership during the 1990's and (2) did the large homeownership gap found between the two groups in 1990 decline over the last ten years? In addition, we examine the prevalence of this racial gap in homeownership across different metropolitan areas (MSAs) in Tennessee.

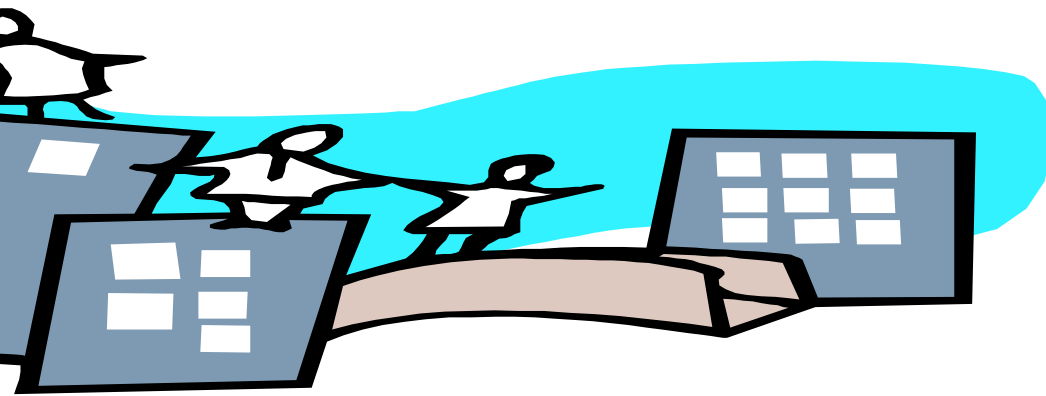
Both Whites and African Americans did experience small homeownership gains during the Nineties. The white homeownership rate gained 2.4 percentage points (from 71.7 to 74.1 percent) during this period, while the African American rate added 3.4 percentage points (from 47.2 to 50.6 percent). As a result, the gap in homeownership between the two racial categories narrowed slightly from 24.5% in 1990 to 23.5% in 2000. It may surprise some that a decade of attempts by public and private institutions to bridge this gap by reaching out and offering less restrictive mortgage products to minority neighborhoods resulted in such a small change in this racial disparity. However, housing policy analysts have long been aware of the many social and economic disparities between the two racial groups that underlie this persistent homeownership gap.

Homeownership Gaps in Tennessee Metropolitan Areas

White homeownership rates in 2000 were within the 71-76 percent range in all MSAs except Clarksville, where the rate was below 67 percent. A significant portion of households in the Clarksville MSA are military families, who often opt to rent due to the unpredictability of their length of stay. The gains in homeownership rates during the last decade were more pronounced in the central and west regions of the state where the rates were low in 1990, often below the 70 percent mark.

Table 1: 2000 Homeownership Rates for Whites & African Americans living in Tennessee and their respective homeownership gains (percentage-point change) between 1990 & 2000

	Chattanooga		Tri-Cities		Knoxville		Clarksville		Nashville		Jackson		Memphis	
White	74.2%	1.9	75.0%	0.8	72.8%	2.3	66.5%	3.1	71.0%	3.9	76.2%	4.2	74.4%	5.1
African American	45.3%	2.7	45.6%	-3.0	43.3%	-1.0	43.8%	4.5	44.4%	2.8	49.7%	0.8	53.9%	6.0



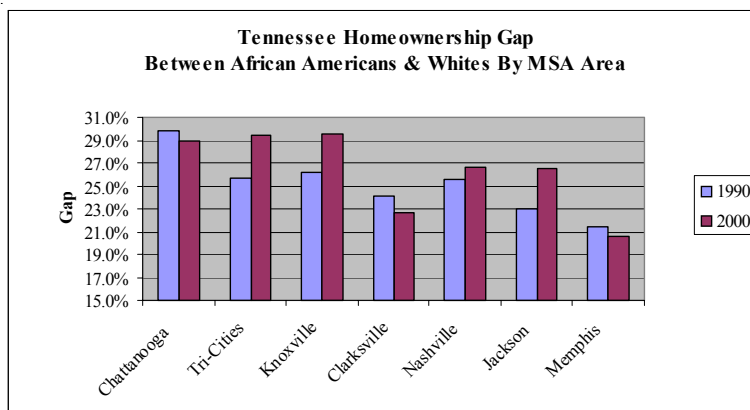
Comparison of 1990 and 2000 Homeownership Rates

African American homeownership rates in 2000, on the other hand, remain at the low 43-45 percent levels in all MSAs except the two in western Tennessee, namely, Jackson (about 50 percent) and Memphis (about 54 percent). In Memphis, where the rate is the highest in 2000, there was an increase of 6 percentage points since 1990 to reach this high level. In the Jackson MSA, the increase was actually less than 1 percentage point during the ten years, but it started with a relatively high rate in 1990, enabling it to rank just below the Memphis MSA in 2000. African American ownership rates actually declined in both Knoxville and Tri-Cities MSAs. How these trends in homeownership rates translate into shifts in the homeownership gaps between the two racial categories is discussed below.

Shifts in the Homeownership Gap

In 1990 Chattanooga had the largest racial gap in homeownership (30 percentage points). By the year 2000, the other MSAs in East Tennessee also witnessed a substantial increase in the gap that gave them parity with Chattanooga in this regard. In 2000, the African American deficits in homeownership in the MSAs were inversely related to their proportions of households in these MSAs. In the Memphis MSA, where the proportion of African Americans was the highest, the 2000 gap in homeownership was the lowest, around 20 percent. In contrast, in Tri-Cities and in Knoxville, where their proportions are the lowest, the African American households lagged the most in homeownership by over 29 percent.

Chart 1: Homeownership rate gaps between White and African American households in 1990 & 2000



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What does it mean?

At THDA our goal is to provide affordable mortgages to a subset of the state's population, who otherwise may never achieve the dream of homeownership. The agency currently is celebrating 30 years of service and has assisted over 80,900 homeowners in achieving the dream of owning a home. Between the last two Censuses, almost twenty-four percent (23.5%) of THDA mortgage beneficiaries were African Americans. Nonetheless, it is clear that the desire to achieve the American dream of homeownership is common across all races for many generations. However, housing policy analysts have discovered that although there are many programmatic efforts developed to promote homeownership among minorities, the problems are rooted in broader social, economic, and demographic limitations on minority groups compared to non-Hispanic Whites. Census 2000 data showed over the previous ten-year span, the homeownership gap between African Americans and non-Hispanic Whites was virtually unchanged. In essence, despite much effort from public and private institutions, the Tennessee homeownership disparity narrowed slightly from 24.5% to 23.5%.

Want more info?

There are many works published by individuals and organizations on minority homeownership. A good place to start is the internet via a search engine. Type in a subject such as, 'minority homeownership' or any similar wording, and you will be given the opportunity to make selection from thousands of published works. The Fannie Mae Foundation (www.knowledgeplex.org/kp/facts_and_figures/facts_and_figures/refiles/h_o_ship_and_race.pdf), Joint Center for Housing Studies Harvard University (http://www.jchs.harvard.edu/publications/pubs_year.htm), Mortgage Banker Association of America, and the U.S Department of Housing and Urban Development are a few of the many organizations that are consistently promoting minority housing research.

30-Year Celebration

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families across the State. The Agency would also provide assistance to sponsors of housing and assist in coordinating government and private efforts to increase the supply of housing.

Obviously, over the 30 years, THDA has used its available resources and worked with other housing providers to make a positive difference in the lives of many Tennesseans. It started out only providing below market interest rate mortgage loans to low and moderate income families, and has grown to administer rental assistance, low income housing tax credits, multifamily bonds, and grant programs.

THDA has helped over 80,900 families realize the dream of homeownership, totaling over \$3.7 billion in housing funds; helped to build or rehabilitate over 19,000 homes through grant programs, totaling over \$248 million in grant funds; built or rehabilitated over 33,000 multifamily units through multifamily bond authority and the low income housing tax credit program, totaling \$334 million in bonds and tax credits; and is currently assisting over 33,000 families with rental assistance, over the years totaling over \$787 million in federal funds.

Today, THDA is self-supporting, has assets totaling over \$2.2 billion in assets, with outstanding mortgages of over \$1.5 billion.

As former Governor McWherter said in the 1980's and Governor Bredesen said at the luncheon - THDA is a good example of how a State agency should be run.

If you would like to learn more about THDA and the programs that it offers, log onto our web site at www.tennessee.gov/thda.

THDA Disaster Relief & Recovery Program Mortgage Funds Available

Tier 1: Disaster Relief for very low-income households.

- \$10 million made available at 0%
- Borrower must have been directly affected by the disaster
- Income level – not higher than 60% of applicable median
- Acquisition cost limit is \$95,000 (new or existing)
- Down payment assistance grant available up to \$5,000 per applicant (subject to availability of funds - \$500,000 available for first two tiers). Use of funds limited to down payment and closing costs.

Tier 2: Disaster Relief for low-income households.

- \$10 million made available at 3%
- Borrower must have been directly affected by the disaster
- Income level – not higher than 80% of applicable median
- Acquisition cost limit is \$125,000 (new or existing)
- Down payment assistance grant available up to \$5,000 per applicant (subject to availability of funds - \$500,000 available for first two tiers). Use

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Racial Homeownership Gaps

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During the ten years between the 1990 and 2000 censuses, African Americans in Tennessee have witnessed a small reduction of one percentage point (from 24.5 to 23.5 percent) in their deficit in homeownership rates compared to their white counterparts. This deficit is at a minimum in Memphis (20 percent) where the African American presence is significant. In MSAs where their presence is very small, such as Knoxville and Tri-Cities, the homeownership gaps are much larger also.

We are awaiting the release of a variety of minority data from the 2000 Census from the Census Bureau, which will facilitate further research on this subject. We plan to examine a number of socio-economic differences between the two racial groups that are potential contributors to the racial disparity in homeownership in Tennessee. The results from this study will be published in a future issue of the *Tennessee Housing Outlook*.

Note:

The 2000 Census asked its respondents to specify the race of each member of the household by checking as many of the specified racial categories as needed in order to adequately describe the racial ancestry of each member. This, in contrast to reckoning everyone in just one of the racial categories in the earlier Censuses, apparently causes concerns about race-related comparisons between 1990 and 2000 Censuses. This concern is alleviated a great deal by the fact that the persons identified in multiple racial categories form a very small proportion (1.1 percent) of the total population.



What's Happening in Our House?



Employee of the Quarter



Naomi Regensburg
Senior Mortgage Administration Rep.

Naomi Regensburg, a 27 year veteran at THDA, was named the employee of the quarter for the first quarter of 2003. Naomi's outstanding work as a supervisor in the Mortgage Administration division earned her this honor. In addition to her already busy schedule, she took on direct responsibility for the agency's loan files and made changes that resulted in increased integrity of the loan files and diminished the frequency of misfiled documents. Naomi also led her team through an enormous conversion of the agency's largest servicer from paper reporting to electronic reporting. Her leadership has enabled THDA to bring four servicers online in this process with only three more to go.

Naomi is a tremendous asset to THDA. She always goes above and beyond the call of duty, and is always helping other staff members with professional, as well as, personal needs. She is an outstanding example of a leader and a team player, and is very dedicated to the success of THDA. Naomi is a very worthy recipient of the Employee of the Quarter Award.

There were four other excellent nominees for this award. Pam Bentley a processor in the Homeownership division; Joe Conley, a programmer in MIS; Lisa Hayes, a senior underwriter in Homeownership; and Janice Mash, an accounting technician in the Fiscal Administration division. Each of these individuals did outstanding work and are valuable members of the THDA team.

Disaster Relief & Recovery Program

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of funds limited to down payment and closing costs.

Tier 3: Economic Recovery for low and moderate income households.

- \$25 million made available at THDA's current rate
- Borrower must live in Disaster County – but doesn't have to have been directly affected by the disaster
- Income level – not higher than 120% of applicable median
- Acquisition cost limit is \$175,000 (new or existing)
- No down payment assistance available

NOTE: All mortgages are 30-year loans, and no first-time homebuyer or recapture requirements.

For more information contact our Nashville office at 615-741-2400 or log onto our web site at tennessee.gov/thda.

THDA Employees Celebrate 30 Years of Success



A Schedule of Housing Matters

Tennessee Housing Development Agency Meetings

July 1 Any remaining tax exempt bond authority is available statewide to first come, first serve eligible applicants.

July 17 Board Meeting Nashville
Sept. 18 Board Meeting Nashville
Aug. 21 HOME Grantee Workshop to be held in Nashville at the BellSouth Tower.

For more information regarding these meetings, please contact our Nashville office at 615-741-2400.

Knox Housing Partnership Homebuyers Ed. Classes

Call to preregister for classes at 865-637-1679

July 21 5:30-8:30
Aug. 4 5:30-8:30
Aug. 18 5:30-8:30
Sept. 8 5:30-8:30
Sept. 22 5:30-8:30
Oct. 6 5:30-8:30
Oct. 20 5:30-8:30
Nov. 7 5:30-8:30

Fast Track Homeownership Education Program Chattanooga Neighborhood Enterprise

Call to preregister for classes at 423-756-6214.

July 17 9:00-5:00
July 19 9:00-5:00
July 26 9:00-5:00
Aug. 2 9:00-5:00
Aug. 9 9:00-5:00
Aug. 16 9:00-5:00
Aug. 30 9:00-5:00
Sept. 13 9:00-5:00
Sept. 20 9:00-5:00
Sept. 27 9:00-5:00

2003 Homebuyers Education Workshops

All classes are held from 6:00 to 8:30 PM.

July 15 Bristol
Reg. at 423-989-5514
July 22 Bristol
Reg. at 423-989-5514
Aug. 5 Johnson City
Reg. at 423-232-5070
Aug. 12 Johnson City
Reg. at 423-232-5070
Sept. 9 Kingsport
Reg. at 423-392-2534
Sept. 16 Kingsport
Reg. at 423-392-2534
Oct. 7 Bristol
Reg. at 423-989-5514

Fast Track at Woodbine

Call to preregister for classes at 615-833-9580.

Part 1 July 19 9:00-1:00	Part 1 Aug. 16 9:00-1:00
Part 2 July 26 9:00-1:00	Part 2 Aug. 23 9:00-1:00
	Part 1 Sept. 20 9:00-1:00
	Part 2 Sept. 27 9:00-1:00

Note to Reader

All items listed in the above schedule are items that have been submitted to THDA. A schedule of housing events will appear in each issue of *Housing Matters*. The events for the next issue should be sent in by September 1. If you or someone you know would be interested in placing something in the Fall issue, please send it to Toni Harris, THDA, 404 James Robertson Parkway, Nashville, TN, 37243-0900 or email your information to toni.harris@state.tn.us. Please visit our webpage for more information at www.tennessee.gov/thda.



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The Tennessee Housing Development Agency is committed to principles of equal opportunity, equal access, and affirmative action. Contact the THDA EEO/AA, ADA Coordinator (615/741-1106); 1-800-228-THDA; 615-532-2894) for further information.



Jerry Sisson, Vice-Chairman
Janice L. Myrick, Executive Director
Toni Harris, Editor

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